



NEWCONEX HOLDINGS  
LIMITED

*Fifth Annual Report*  
1966



# NEWCONEX HOLDINGS LIMITED

Directors' Report  
and  
Consolidated Financial Statements  
for the year ended  
June 30, 1966



# NEWCONEX HOLDINGS LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

TO THE SHAREHOLDERS,  
NEWCONEX HOLDINGS LIMITED.

The Directors have pleasure in presenting the Annual Report and the audited consolidated financial statements for the fiscal year ended June 30, 1966.

### Financial

The net income for the year was \$44,199, compared with \$16,625 for the previous year. Net realized appreciation on investments sold amounted to \$1,660,055, which includes \$1,563,616 arising from the disposal of the original investment of \$1,270,000 in Mining & Industrial Holdings Limited, an affiliated United Kingdom company within the Consolidated Gold Fields Group. The purpose of this transaction was to repatriate to Canada our interest in that company, thereby strengthening our financial base with respect to future operations in this country. Net realized appreciation on investments for the previous year was \$220,823.

As at June 30, 1966 the market value of the Company's investments of \$8,059,000 plus its other net assets of \$677,000 amounted to \$8,736,000, an increase of \$3,388,000 over the corresponding figure at the previous year end. The net asset value per share on the 740,285 shares outstanding as at June 30, 1966 was \$11.80 compared with \$7.64 on 700,010 shares outstanding as at June 30, 1965. The improvement resulted mainly from the investment in Pyramid Mining Company Ltd., whose lead-zinc property in the Pine Point area of the Northwest Territories was sold to Pine Point Mines Ltd. last June.

The composition of the Company's portfolio, based on market prices, was approximately as follows: 75% invested in metals and minerals, 10% in oil and gas and 15% in industrial and commercial companies.

During the year 40,275 shares of capital stock were issued, resulting from the exercise of an equivalent number of share purchase warrants at \$5.00 each. Of these, 40,000 warrants were exercised by the Consolidated Gold Fields Group, which has also exercised an additional 220,000 warrants since June 30, 1966. Gold Fields has advised us that it intends to exercise all the remaining warrants held by it in October of this year. Should all of the 1,400,000 share purchase warrants issued to shareholders in 1962 and 1963 be exercised prior to their expiry date, February 28, 1967, the Company will by that date have received a total of \$7,000,000 from this source.

### Operations

The Company is interested in participating actively in the development of Canadian enterprises primarily concerned with mining and basic industry. During the year financing agreements were entered into by Melita Investments Limited, a wholly-owned subsidiary, with Pyramid Mining Company Ltd. and Croydon Mines Ltd. Both companies hold interests in the Pine Point area of the Northwest Territories.

Under the agreement with Pyramid, Melita acquired 300,000 shares of Pyramid, or 11.4% of the outstanding capital stock, at a cost of \$1,287,500. Extensive drilling of the property indicated ore bodies thereon

containing approximately 11 million tons of lead-zinc ore. Pyramid sold these properties in June 1966 to Pine Point Mines Ltd. in exchange for 526,400 shares of Pine Point, which shares had a market value at the date of sale of approximately \$34,000,000. In September 1966 Pyramid distributed fifty percent of these shares to its shareholders, and Melita received 30,000 Pine Point shares as a result. It is anticipated that the balance of the shares will be distributed early in 1967. Pyramid is continuing actively in the mining exploration field, and your company is represented on its Board of Directors.

Under the agreement with Croydon Mines Ltd., Melita acquired 50,000 Croydon common shares at a cost of \$75,000 and, jointly with the Conwest Exploration Company Ltd. group, holds options on an additional 1,000,000 shares. Induced Polarization survey work has been completed on a substantial portion of Croydon's claims, but nothing of interest has been located to date. The balance of the claims has not yet been surveyed owing to wet ground conditions, but this work will be completed as soon as conditions permit.

Through its wholly-owned subsidiary, Newconex Canadian Exploration Ltd., the Consolidated Gold Fields Group continues to conduct an active mining exploration programme in Canada. This programme is financed entirely by Consolidated Gold Fields Ltd. By virtue of an agreement entered into between your Company and Newconex Canadian Exploration Ltd., any mining interest acquired by that company, whether by direct exploration or otherwise, must be offered to Newconex Holdings Ltd. which has the right to acquire at cost such of those properties offered as it considers favourable for further development. The term of this agreement, which was to have expired on December 31, 1966, has now been extended to December 31, 1971, and the option period within which your Company has the right to acquire any properties after their submission by the Exploration Company has been extended from one year to two years.

In association with the Conwest group, the Exploration Company is continuing to explore the jointly held claim groups in the Pine Point area. Diamond drilling has indicated an orebody that is estimated to contain about 1,250,000 tons averaging about 3.5% lead and 9.6% zinc. Diamond drilling is continuing.

During the year ended June 30, 1966, 214 properties were offered to Newconex Canadian Exploration Ltd. Of these, 52 were examined in the field and one was optioned. A small participation is held in Nass River Mines Ltd., which is exploring a molybdenite discovery near the Nass River, British Columbia. Although the principal effort of Newconex Canadian Exploration Ltd. was in the Pine Point area jointly with the Conwest Group, two other claim groups were investigated geochemically and by trenching, and participations were maintained in three syndicates. Apart from the Pine Point area, no discoveries of consequence have been made.

A new subsidiary company, Dana Securities Limited, was incorporated in April 1966 with an authorized capital of \$1,000,000, of which \$250,000 had been issued at June 30, 1966.

On behalf of the Board of Directors,

W. A. ROBINSON,  
*President.*

September 12th, 1966.



# NEWCONEX HOLDINGS

(Incorporated under the laws of the State of New York)

## CONSOLIDATED BALANCE SHEET

(with 1965 figures in thousands)

### ASSETS

#### CURRENT ASSETS:

	1966	1965
Cash . . . . .	\$ 96,257	\$ 83,682
Notes at call . . . . .	800,000	—
Dividends and interest receivable . . . . .	15,638	12,600
Accounts receivable and prepaid expenses . . . . .	18,437	14,333
Income taxes recoverable . . . . .	—	3,468
	<u>930,332</u>	<u>114,083</u>

#### INVESTMENTS — at cost:

Marketable securities:		
Shares (quoted market value, 1966 — \$8,059,000; 1965 — \$2,868,000)	5,141,797	2,542,707
Shares of Mining & Industrial Holdings Limited — affiliated company . . . . .	—	1,270,000
	<u>5,141,797</u>	<u>3,812,707</u>

#### FIXED ASSETS — at cost, less accumulated depreciation, 1966 — \$15,173;

1965 — \$9,537 . . . . .	14,385	16,146
	<u>\$6,086,514</u>	<u>\$3,942,936</u>

The accompanying notes are an integral part of this financial statement.

# INGS LIMITED

orations Act, Ontario)

ET AS AT JUNE 30, 1966

comparison)

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1966	1965
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued charges . . . . .	\$ 252,210	\$ 29,718
Gold Fields Mining & Industrial Limited — parent company . . . . .	15,971	514
	<u>268,181</u>	<u>30,232</u>

### SHAREHOLDERS' EQUITY:

Capital stock (Note 1):

Authorized — 4,000,000 common shares of a par value of \$1 each		
Issued and fully paid — 740,285 shares . . . . .	740,285	700,010
Contributed surplus (Note 1) . . . . .	2,838,152	2,677,052
Earned surplus . . . . .	2,239,896	535,642
	<u>5,818,333</u>	<u>3,912,704</u>

Approved by the Board:

(Signed) J. G. GODSOE, Director

(Signed) W. A. ROBINSON, Director

<u>\$6,086,514</u>	<u>\$3,942,936</u>
--------------------	--------------------

part of the financial statements.

# NEWCONEX HOLDINGS LIMITED

## STATEMENT OF CONSOLIDATED INCOME

For the Year Ended June 30, 1966

(with 1965 figures for comparison)

	1966	1965
Dividends on Investments:		
Marketable securities . . . . .	\$ 94,372	\$ 76,053
Mining & Industrial Holdings Limited (Note 2) . . . . .	62,881	63,374
	<u>157,253</u>	<u>139,427</u>
Management and Technical Fees Received:		
From parent company . . . . .	35,000	35,000
From affiliated company . . . . .	60,000	60,000
	<u>95,000</u>	<u>95,000</u>
Interest and Sundry Revenue . . . . .	37,364	12,775
	<u>289,617</u>	<u>247,202</u>
Less:		
Administration, technical and general office expenses . . . . .	223,176	220,137
Directors' fees . . . . .	15,753	7,600
Depreciation . . . . .	6,489	4,824
	<u>245,418</u>	<u>232,561</u>
Income for the Year Before Income Taxes . . . . .	44,199	14,641
Recovery of Income Taxes . . . . .	—	1,984
Net Income for the Year . . . . .	<u>\$ 44,199</u>	<u>\$ 16,625</u>

## STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Year Ended June 30, 1966

(with 1965 figures for comparison)

	1966	1965
Earned Surplus, Beginning of Year . . . . .	\$ 535,642	\$ 298,194
Net Income for the Year . . . . .	44,199	16,625
Net Realized Appreciation on Investments (Note 3) . . . . .	1,660,055	220,823
Earned Surplus, End of Year . . . . .	<u>\$2,239,896</u>	<u>\$ 535,642</u>

The accompanying notes are an integral part of the financial statements.



# NEWCONEX HOLDINGS LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1966

1. During the year 40,275 share purchase warrants were exercised resulting in the issue of 40,275 common shares for \$201,375 cash. Of this amount \$40,275 was credited to capital stock and \$161,100 to contributed surplus.

1,359,725 common shares are reserved until February 28, 1967 for issue against the exercise of the remaining share purchase warrants at a price of \$5 per share.

35,000 common shares are reserved under the stock option plan for employees of the company and of Newconex Canadian Exploration Ltd. The option price shall be not less than 90% of the market price at the date of the granting of the option. During the year the following options, which are exercisable within the maximum period of ten years, were granted:

20,000 shares at \$4.41 per share expiring July 22, 1975

2,000 shares at \$7.34 per share expiring January 10, 1976

No options were exercised to June 30, 1966.

2. Dividends received from Mining & Industrial Holdings Limited are stated after deducting foreign income taxes withheld of \$44,375 for 1966 and \$43,470 for 1965.
3. Net realized appreciation on investments includes \$1,563,616 arising from the disposal of the investment in Mining & Industrial Holdings Limited.

## AUDITORS' REPORT

To the Shareholders of  
Newconex Holdings Limited:

We have examined the consolidated balance sheet of Newconex Holdings Limited as at June 30, 1966 and the statements of consolidated income and consolidated earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statements of consolidated income and consolidated earned surplus present fairly the financial position of the companies as at June 30, 1966 and the results of their consolidated operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DELOITTE, PLENDER, HASKINS & SELLS

July 15, 1966.

*Auditors.*

# NEWCONEX HOLDINGS LIMITED

HEAD OFFICE: 8 KING ST. EAST, TORONTO, CANADA

AUTHORIZED CAPITAL	- - - - -	4,000,000 shares, par value \$1.00
ISSUED	- - - - -	740,285 shares, par value \$1.00

## DIRECTORS

J. IAN CROOKSTON	- - - - -	Toronto, Canada
J. GERALD GODSOE, C.B.E., Q.C., LL.D.	- - - - -	Toronto, Canada
SIR GEORGE S. HARVIE-WATT, Bart., T.D., D.L., Q.C.	- - - - -	London, England
DR. WILLIAM F. JAMES	- - - - -	Toronto, Canada
J. D. LEITCH	- - - - -	Toronto, Canada
BRYCE R. P. MACKENZIE, Q.C.	- - - - -	Toronto, Canada
J. D. MCCALL	- - - - -	London, England
MAJ.-GEN. A. BRUCE MATTHEWS, C.B.E., D.S.O., E.D., C.D.	- - - - -	Toronto, Canada
JOHN W. ORR	- - - - -	London, England
WILLIAM A. ROBINSON, D.S.O.	- - - - -	Toronto, Canada

## OFFICERS

J. GERALD GODSOE, C.B.E., Q.C., LL.D.	- - - - -	Chairman
WILLIAM A. ROBINSON, D.S.O.	- - - - -	President
EMORY T. GREARSON	- - - - -	Vice-President and General Manager
FRANK A. WRIGHT	- - - - -	Secretary-Treasurer

## BANKERS

THE TORONTO-DOMINION BANK

## SOLICITORS

FASKEN, CALVIN, MACKENZIE, WILLISTON & SWACKHAMER	- - - - -	Toronto
---	-----------	---------

## AUDITORS

DELOITTE, PLENDER, HASKINS & SELLS	- - - - -	Toronto
------------------------------------	-----------	---------

## TRANSFER AGENT AND REGISTRAR

CANADA PERMANENT TRUST CO.  
Toronto, Montreal, Winnipeg and Vancouver

# NEWCONEX HOLDINGS LIMITED

## AND WHOLLY-OWNED SUBSIDIARIES

The Portfolios at June 30, 1966 included the following securities:

ALCAN ALUMINIUM LIMITED  
ALGOMA CENTRAL RAILWAY  
ALGOMA STEEL CORPORATION, LIMITED  
ASBESTOS CORPORATION LIMITED  
THE BELL TELEPHONE COMPANY OF CANADA  
CANADA CEMENT COMPANY, LIMITED  
CANADIAN IMPERIAL BANK OF COMMERCE  
CANADIAN INDUSTRIAL GAS & OIL LTD.  
CANADIAN PACIFIC RAILWAY COMPANY — 4% PREFERRED  
CANADIAN SUPERIOR OIL LIMITED  
COMINCO LIMITED  
CROYDON MINES LIMITED  
DISTILLERS CORPORATION — SEAGRAMS LIMITED  
FALCONBRIDGE NICKEL MINES LIMITED  
HIGHLAND-BELL LIMITED  
HUDSON BAY MINING AND SMELTING CO., LIMITED  
THE INTERNATIONAL NICKEL COMPANY OF CANADA LTD.  
KERR ADDISON MINES LIMITED  
MASSEY-FERGUSON LIMITED  
NORANDA MINES LIMITED  
THE PATINO MINING CORPORATION  
PYRAMID MINING COMPANY LIMITED  
QUEBEC NATURAL GAS CORPORATION — 5½% PREFERRED  
ST. LAWRENCE CEMENT CO. "A"  
TRANS-CANADA PIPE LINES LIMITED — COMMON  
— \$2.80 PREFERRED



